

TAX CUTS BRING ABOUT
ECONOMIC RECOVERY

The SPEAKER pro tempore. Under the Speaker's announced policy of January 7, 2003, the gentleman from Florida (Mr. MARIO DIAZ-BALART) is recognized for 60 minutes as the designee of the majority leader.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, I am here today to speak about an issue that is a huge priority for the Republican majority in this House, and also, Mr. Speaker, a huge priority for the President of the United States, and that is the United States of America's economy and where we are with our economy right now.

Ever since I got elected, which, as you know, Mr. Speaker, has not been a long time, time and time again I have heard from our dear friends in the Democratic Party how the tax cuts that the President of the United States was pushing for and that this Congress approved were not working, and they were not going to work, Mr. Speaker. They were impossibilities. They could never work. They were not based on any sound policy. And the quotes go on and on and on, how again there is just no way that it was going to work, because it was irresponsible, because it was ludicrous, because it did not make sense, because, I even heard some people say, because you hurt government when you take government's money away.

Think about that. I actually heard that. I am paraphrasing it, but I heard a statement just like that on the floor of the House. It is going to hurt government to take that money, government's money, away, by giving it in tax cuts, by giving away government's money in tax cuts, Mr. Speaker.

We clearly have some serious differences with our friends in the other party. One of the main differences, Mr. Speaker, is a pretty basic realization, and that is this, that every single dollar that we are dealing with here, every single dollar that we debate on this floor, every single dollar that this government spends, Mr. Speaker, is not the government's money; it is money that the government takes from the hard-working American taxpayer. It is their money. It is their money that we are spending. It is not the government's money.

Yet, when the President and this Congress said we have to incentivize this economy, because the President was not happy with how the economy is going, he felt and we felt, the majority, that we had to do better, we had to do a better job to make sure that more Americans had jobs, Mr. Speaker, that every American that wants a job should be able to find one, so this President had a very ambitious program to incentivize the economy, I repeat, we heard every single possible statement that you could possibly hear as to how it was not going to work.

Let me read a couple of quotes. I am not going to bore you with all the quotes, you have heard them before.

For example, the gentleman from Hawaii (Mr. CASE) said, "This is not reasonable. This is haphazard and this is reckless."

I love this one. The gentleman from Maryland (Mr. WYNN) stated, "The tax cut program did not work."

Mr. Speaker, let me just see if I understood this. He said that the tax cut program, i.e., taking less money from the taxpayer, the government taking a little bit less of the taxpayer's hard-earned money, he said would not work and did not work to incentivize this economy.

But you know what happened, Mr. Speaker. After all the rhetoric was stated on the floor of this House and in committee and in the Committee on the Budget and many other committees, after all that rhetoric, something very interesting happened, Mr. Speaker. The economic numbers came in, and what did those economic numbers show? Did they show that the tax cuts that the President proposed and that the majority of this Congress worked so hard to pass, did those economic numbers show that the tax cuts did not work?

Oh, no, Mr. Speaker. Let me say, and I know the American people have heard a lot about this recently, because even some friends in the press have had to admit now that it is working, that the tax cuts are working, that taking less money from the hard-working American taxpayer is doing what the President said it was going to do, and it was going to incentivize the economy.

Let me just read you some numbers. Gross domestic product, the GDP, increased from an annual rate of 3.3 percent in the second quarter due to the tax cuts to a rate of 7.2 percent in the third quarter, the highest rate of growth in almost two decades.

There has been, Mr. Speaker, and I do not know if you have heard it, a lot of chewing, a lot of good friends on the Democratic side chewing their words, eating their words, because the facts are here. It is working.

Let me give you a couple other statistics. Spending on big ticket items like cars and the such increased by an unbelievable 26.9 percent in the third quarter; 26.9 percent in the third quarter. If you listen carefully, you will hear it; more chewing, more chewing of their words, because, remember, these were the tax cuts that were not going to work. These were the tax cuts that were not going to incentivize the economy. 26.9 percent on big ticket items in this quarter.

Consumer spending, Mr. Speaker, on nondurables, like food and clothing, increased by 7.9 percent, the best since 1976. And the chewing continues. The chewing by the Members of that side of the aisle continues, eating those words when they said no, taking more money from the people is what we need to do; raising taxes is what we need to do to incentivize the economy, and, again, doing what this President said we needed to do and what the majority of this

Congress wanted to do and got passed was not going to work. But the numbers, Mr. Speaker, do not lie. Here they are.

Mr. Speaker, business spending on equipment and software increased by 15.4 percent, the largest increase since the first quarter of the Year 2000. Listen to the chewing. Listen to the chewing, more words on that side of the aisle being eaten, because they said it was not going to work. Again, I repeat, what they said we had to do was increase taxes on the American people. As a matter of fact, the members of the Democratic Party proposed 25 increases in taxes this year alone.

□ 2115

Between this Chamber and the other Chamber, 25 times they proposed increasing the American taxpayers' burden. They proposed raising the taxes on the hard-working Americans, to send it up to D.C., because tax cuts were not going to work, were not going to incentivize the economy.

Mr. Speaker, homeownership rates, which is something that I think is so crucial, was up to 68.4 percent in the third quarter, the largest ever, the largest homeownership rate ever. And the initial weekly jobless claims data continues to improve, Mr. Speaker. Look, one does not have to be a rocket scientist to understand that one needs to have a better economy to get more jobs. If we do not have a better economy, we are not going to get more jobs. So it is not rocket science that we are starting to see that the weekly jobless claim data continues to improve. For the past 4 weeks, jobless claims have been below 400,000. Still too many, but again, because of this President's leadership, because of the leadership of the majority of this House, Mr. Speaker, because this House, along with the President, decided to take less money from the hard-working American taxpayers, the economy is starting to rebound, and it is doing so in a way that many people said was impossible. Many people, Mr. Speaker, I repeat, who are now, I can hear it, I can almost hear in the background, eating their words.

Consumer confidence is up 4.1 points from previous months. Again, Mr. Speaker, this is the issue; and the crux of the issue is twofold. Number one, it is not the government's money; it is the people's money. When we let the people keep a little bit more of their money, Mr. Speaker, that is not a gift. Government is not giving those people anything, Mr. Speaker; government is taking a little bit less of the people's money so that they can spend it on their children, on their kids' education, on savings, on whatever they want, because it is their money. It is their money to start with. And on top of that, what happens is that the economy begins to grow and the GDP begins to grow.

So, Mr. Speaker, I have a number of dear friends and colleagues who are joining me here today, and if I could, I

would like to yield to the gentleman from Texas (Mr. HENSARLING). He has done an incredible job in the time that he has been elected as one of the founding members of the Washington Waste Watchers, a man who has shown incredible leadership fighting waste, fraud, and abuse.

Mr. HENSARLING. Mr. Speaker, I thank the gentleman for yielding, and I especially thank the gentleman for his part in helping bring about this great economic growth plan of President Bush, and especially for his leadership in helping fight waste, fraud, and abuse within the Federal Government that is so hurting our family budget.

Mr. Speaker, thanks to President Bush, we have had some of the best economic news that we have heard since the recession occurred in March of 2001. As my colleagues heard earlier, the economy grew at a whopping 7.2 percent, the best in almost 20 years. Again, let me repeat that. The economy has grown at 7.2 percent, the best in 20 years.

Now, while economic cycles, with their peaks and valleys, have occurred over the history of America, the events of the past 3 years have been especially challenging to our economy and our financial markets. The burst of the high-tech bubble; 9-11, which cost the economy close to \$2 trillion, along with the corporate scandals that we saw with Enron and WorldCom, all of these were significant factors in contributing to a downward economy. But thanks to President Bush and the Republican leadership in Congress, we have had an extremely shallow recession, and we have moved from negative economic growth to positive economic growth, and we have moved to it in a most dramatic way.

Now, earlier this year, the President offered his progrowth positive economic growth plan that I was happy to cosponsor. It included tax relief for families and tax relief for small businesses. It was designed to spur economic growth by allowing Americans to keep more of what they earn, giving them more money to spend and save and invest in our economy. The fact is, Mr. Speaker, that plan is working.

The growth of America's gross domestic product is the strongest it has been in 20 years. The third quarter economic growth of 7.2 percent is the best since 1984. The third quarter spending on big-ticket items like cars have increased by an astounding 26.9 percent. Consumer spending on nondurables like food and clothes increased by 7.9 percent in the third quarter. This is the best in almost a quarter of a century. This is good economic news.

Consumer confidence is up. Business spending on equipment and software increased by 15.4 percent, the largest increase since the first quarter of 2000. Productivity has increased 3.9 percent during the first 2½ years of this administration. This is the fastest start, the fastest pace of any Presidency since

JFK. Productivity is what makes us competitive, more good economic news resulting from President Bush's progrowth economic plan.

Exports rose for the first time in four quarters to over \$1 trillion. Inflation, once the scourge of the elderly and those on fixed incomes, continues to be almost nonexistent. And this is an important one, Mr. Speaker: shareholder wealth is up \$2.9 trillion, trillion with a T, an increase of 22 percent since October of 2002.

Now, 50 percent of this increase in the stock market wealth has occurred since the economic growth agreement was reached in May. This is so important because half of all American families own stock, most of which or much of which is in 401(k) retirement plans; and half of those stock-owning families, Mr. Speaker, make less than \$50,000 a year. These shareholders are families investing in their future. They are parents saving for their children's education. They are seniors who are dependent upon investment income for retirement. They are Americans making \$50,000 a year.

The President's progrowth economic plan is helping Americans rebuild their nest egg. This is great news.

But, Mr. Speaker, there is even more great news, and that is that homeownership in the third quarter was 68.4 percent, the highest level ever in the history of America. Let me repeat that, the highest level of homeownership in the history of America, thanks to President Bush and the Republicans in Congress passing this economic growth package.

Now, homeownership has been a time-honored American tradition and a central part of the American Dream since the founding of our Nation. And because of the President's leadership, because of the tax relief that we fought so hard for for the American people, more young couples, more families are realizing that dream of homeownership. This is indeed great news.

Now, just a few months ago, as my colleague said, Democrats were saying that the economic growth tax relief program did not work. They called it unreasonable, haphazard, reckless, and fiscally irresponsible. I am not sure what is unreasonable about having the highest rate of homeownership in the history of America. I do not know what is haphazard about the stock market going up 22 percent and helping American families build a nest egg. I am not sure what is reckless about productivity gains. But they called President Bush's blueprint for the economy a failed policy that would hurt long-term economic growth.

But, Mr. Speaker, as usual, their rhetoric was wrong, their reasoning was wrong, their economics were wrong, their predictions were wrong. In the end, they were just flat wrong.

The success of the Bush jobs and growth plan and the positive economic news that we have heard comes as no surprise to economists. The chairman

of the Federal Reserve back in June, Alan Greenspan, stated, "Fortuitously, this particular cut in taxes is happening at the right time." He said that the fiscal boost created by President Bush's tax relief plan would "create a fairly marked increase in after-tax income in the third quarter," and that is what we have seen.

Now, although we have had some great economic news, Mr. Speaker, we still have much work to do. Unemployment is still too high; but the good news is, it is improving. In the month of September alone, the U.S. economy created 57,000 net new jobs, the first time in 9 months that we have added jobs to our economy. Since the 2003 economic growth plan, initial claims for unemployment insurance have declined by more than 10 percent. And if history is our guide, historically, employment is the last economic indicator to come in line.

Now, Democrats continue to criticize our President for 6 percent unemployment. Frankly, compared to the unemployment rates of much of the Western world, many still envy us. European nations such as France and Germany report unemployment rates of almost 10 percent. Spain's unemployment rate is almost double that of ours at 11.4 percent. Frankly, inheriting a recession, coupled with 9-11, corporate scandals, fighting the war on terror, I believe this President deserves credit for keeping 94 percent of the American workforce employed. Without his plan, let there be no doubt: we would still be in recession and millions more would be unemployed, but we will not rest until every American that wants a job has a job.

Our economic growth plan is working, but the Democrats want to roll it back. Today's Wall Street Journal included a column on "Demo-nomics," explaining how all nine of the Democrat candidates for President are proposing to raise taxes. Now, I am not sure what is news about that, but it further explained how the gentleman from Missouri (Mr. GEPHARDT) and Howard Dean are proposing to repeal every single dime of the President's progrowth tax relief, regardless of income.

Mr. Speaker, permit me to quote from the Wall Street Journal: "Dr. Dean then goes further and proposes lifting the income cap on payroll taxes, a huge marginal rate increase on anyone making more than \$87,000 a year. All of this plays well with liberal primary voters who loathe all things Bush, but it would amount to the largest tax increase in history if they prevail."

Once again, the leaders of the Democrat Party are proposing the single largest tax increase in the history of America.

Mr. Speaker, I do not know, do Democrats have a problem with families who make \$50,000 a year getting a better return on their investments? Do Democrats have a problem with more homeownership? Do Democrats have a

problem with economic growth? Do Democrats have a problem with productivity gains? Do Democrats have a problem with 401(k) gains?

The Democrats have fought us on tax relief; they have fought us on lawsuit reform. Most recently they have even fought us on trying to get rid of only 1 percent, 1 percent of the waste, fraud, and abuse that is so rampant within our Federal budget.

Mr. Speaker, the simple truth is that the Democrats' vision is about growing government. The Republican vision is about growing the economy. We want to grow the family budget. They want to grow the Federal budget. And the plan the House Democrats put forward would have raised taxes yet again and increased government spending by almost \$1 trillion for new programs. That is their plan for America's future.

Mr. Speaker, the latest economic news proves, once again, that the Democrats are wrong. The answer to promoting more economic growth is not to raise taxes; it is not to take more money away from hardworking American families. The answer is to continue to promote small business, to promote entrepreneurship, to promote more freedom, to make the Bush tax relief permanent, to let more Americans keep more of what they earn. Because, Mr. Speaker, if we will only preserve freedom and all of its essentials, there is no limit to what we, the people, can achieve.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, the gentleman brought up really, really good points. One of the things that he mentioned, and I think it is true, and I think when we think about it, it is amazing. The gentleman mentioned how some of these very high-profile Democratic leaders want to repeal all of the tax cuts, the Bush tax cuts; and then they call it all sorts of different things. We have seen it: they say, cutting taxes on the rich.

But let me read what some of those tax cuts they want to repeal are, because one of the things that some of our colleagues hate is when we speak with the facts in hand.

Some of those are, if they were to be successful, that means that we would reinstate 9 million low-income Americans back on the tax rolls. These are Americans, low-income Americans that are now not paying Federal income tax because of the Bush tax plan. And what the Democrats are saying, if they were to succeed on that, that those high-profile leaders the gentleman mentioned, that those 9 million low-income Americans would get back on the tax rolls and would have to start paying taxes, low-income Americans. Are those the rich who they say that we should not cut their taxes?

□ 2130

It would reinstate the marriage penalty, the marriage penalty. Is that for the rich? Do only rich people get married in this country? I mean, I do not

know. Maybe I am learning something. No. No. It would reinstate the marriage penalty. It would cut in half the \$1,000 per child tax credit. Do only rich people have children in this country?

So they would then cut in half that tax cut, \$1,000 tax cut. And do they insinuate? No. They say that the tax cuts, the Bush tax cuts are tax cuts on the wealthy. Excuse me? Cut in half the \$1,000 per child tax credit? Maybe it is news to the Democrats, but not only rich people have children.

It would raise taxes on education savings by 75 percent; by 75 percent. Dealing with rich people here? No. It would eliminate the income tax deduction for paying for college tuition. I know that it sounds hard to believe, but it would eliminate the income tax deduction for paying for college tuition. That is what they want to eliminate.

Those are the tax cuts that they say are for the rich? No. No. No. Get real. They would increase a double tax on dividends by as much as 62 percent. They would reinstate the death tax. I do not know. Maybe only the rich die. Maybe they think that only the rich die. No. They would reinstate the death tax.

They would eliminate the emergency tax relief to areas affected by the attacks of September 11, 2001. They would also do that. They can claim, they can say, they can state whatever they want to.

These are the facts. The facts are that the President's tax cut proposal is working, that this Congress's leadership, making sure that that passed, has made, has created serious economic growth. And the reality is when they talk about eliminating all of Bush's tax cuts, they are not talking about eliminating tax cuts for the rich, they are talking about these tax cuts. And the hardworking Americans paid a lot of money. They sent a lot of money up to Washington. It is their money.

My colleagues know what the President believes and what we believe, Mr. Speaker, that if you allow the American people to keep some of their money, good things happen. He was right. He was proven right. The leadership in this House was proven right.

Mr. Speaker, I yield such time as he may consume to the gentleman from Minnesota (Mr. KLINE), who not only is a Congressman, but I think we also have to thank him for his previous service to this country. As Members know he was a colonel in the United States Marines. He makes us proud. I think all of us feel proud to have him as a colleague here in Congress.

Mr. KLINE. Mr. Speaker, I thank the gentleman from Florida (Mr. MARIO DIAZ-BALART), my distinguished colleague, for yielding, and more importantly, most importantly, for his leadership on this issue and so many issues. It is such a pleasure to serve with such a fine gentleman.

Mr. Speaker, I rise today, of course, to join he and my other colleagues in

sharing the really great news what we are seeing in the United States economy. As you heard from the gentleman from Florida (Mr. MARIO DIAZ-BALART) and the gentleman from Texas (Mr. HENSARLING), the United States economy grew at the astonishing rate of 7.2 percent in the third quarter. The highest rate since 1984. That warrants the repetition that we are giving it this evening.

It is a sign that the President's Jobs and Growth Package is doing exactly what it was supposed to do. And I am so pleased to have been a part of this Congress to help make this a reality. That package that we passed this year helped to generate our growth spurt by bringing economic activity to a higher level. That was exactly the purpose. This, in turn, increased the incomes and the living standards, the living standards for American workers. Not just the living standards for the rich, the living standards for American workers. And, in addition to this incredible, astonishing growth, we have seen other important indicators of a reviving, in fact, a rapidly growing economy.

My colleague, the gentleman from Texas (Mr. HENSARLING), mentioned that home ownership has reached the highest level ever, the highest level ever. And since the beginning of this year, the value of the United States stock markets has increased \$2 trillion. Two trillion dollars. That is money in retirement accounts and 401(k)s and IRAs and mutual funds. That is real wealth to Americans. Disposable income is up 5.8 percent.

And, just as predicted, when you let the American workers, businesses, and families and individuals keep more of their own money, when you tax it less, and disposable income goes up, other good things happen. Manufacturing goods are up. Shipments of durable goods are up. Consumer confidence is, you guessed it, up. Things are looking up and there is more to come.

Mr. Speaker, the point has been raised that jobs are not as high as we would like them to be, but I am here to tell you that they are on their way. This economic indicator always lags, and we are already starting to see signs that the labor market is beginning to improve. Claims for unemployment insurance are down.

My colleague from Texas mentioned that 57,000 new jobs are were created in September. Progress is evident. We have more work to do. And the good news is that the President and the leadership in this house never planned to rest on its laurels.

The President, the administration, the House, has a plan to further strengthen the economy and create more jobs. Six easy points that the President has articulated, and it bears repeating tonight for our discussion. We want to ensure an affordable and reliable energy supply, and we are working on passing an energy bill; we want to reduce the burden of frivolous

lawsuits on our economy; streamline regulations and reporting requirements; make health care costs more affordable and more predictable; open new markets for American products; enable families and businesses to plan for the future with confidence by bringing consistency and predictability to the system.

Mr. Speaker, this Congress and this President recognized a need and responded. We are already seeing signs of success and more to come. I am so pleased to be here with you tonight and to be part of this Congress and this team working for a better, stronger America.

Mr. MARIO DIAZ-BALART of Florida. Mr. Speaker, you know the numbers do not lie. Here they are. My colleague mentioned them, the gentleman from Texas (Mr. HENSARLING) mentioned them, 7.2 GDP increase, the highest rate of growth in 19 years. By the way, I never heard our good friends from the other side of the aisle say we were wrong, we were wrong in suggesting and proposing tax increases as a solution, we were wrong in proposing legislation that would have increased the deficit by almost \$1 trillion. And yet they say that they are concerned about the deficit. All of us are concerned about the deficit. And we believe that one of the ways to lower the deficit, clearly, is to create economic growth and to incentivize the private sector to create economic growth.

Our good friends on the other side, the Democrats, let me quote the gentleman from Hawaii (Mr. CASE), he said, quote, "I see public debt climbing through the roof," end of quote. The gentleman from New Jersey (Mr. PALLONE) said, quote, "The Bush economic blueprint, the House GOP plan is also fiscally irresponsible," we have talked about that a little while ago, "because the debt it would create, saddling our children with debt and hurting long-term economic growth." And, yet, that party proposed increasing the debt that they are saying is high.

We would all agree that we want to control that debt, the deficit, but they say that this, what the leadership of that party proposes, this year alone increases to the deficit of almost \$1 trillion. You know, they may get upset at me because I am bringing up some of these facts, but I think one cannot deny the facts. One cannot deny that the President's tax cut proposal package, that this House, because of the leadership of this House, the majority leadership, is working. And they cannot deny that they propose amendments to increase the deficit by almost \$1 trillion.

Mr. HENSARLING. Mr. Speaker, would the gentleman yield?

Mr. Speaker, he brings up an excellent point about the Federal budget deficit. And what many people may not realize is that, and he and I serve on the Committee on the Budget, so we know this, but the pro-growth economic tax relief that President Bush

proposed was \$350 billion over a 10-year period contrasted to \$28.3 trillion, trillion with a "T", worth of spending over that same time period. So if you do the math, what you discover is that the pro-growth tax relief was 1.2 percent of the spending. And so as those on the other side of the aisle continue to attack us for a Federal budget deficit, one, tax relief is part of the solution, not part of the problem. That is how we have the highest rate of home ownership in the history of America. That is how we have the productivity gains. That is how we have an increase of 22 percent in the stock market, helping Americans go back and rebuild those nest eggs.

Tax relief is part of the solution, not part of the problem. That is how we have economic growth. That is how we have the most, the greatest increase in economic growth in 20 years.

If you care about the deficit, do not look to 1.2 percent of tax relief, look to the 98.8 percent of the spending which, as we well know, Democrats refuse to do. When we proposed finding 1 percent, a mere 1 percent of waste, fraud, and abuse that is so widespread in this Federal budget, the Democrats fought us every step of the way.

And as my esteemed colleague has pointed out, on top of the Democrats fighting the tax relief, not focusing on the spending, they actually proposed almost \$1 trillion more spending over and above the budget we passed. That is their vision for America, and their vision fails.

Mr. MARIO DIAZ-BALART of Florida. Well, I think the facts bear that out. That is why, again, if you listen carefully you might even hear, you might hear that crunching of people's mouths because they are eating their words. They are chewing those words.

And one person who has been a leader and an inspiration to a lot of us here, trying to bring fiscal sanity to this, and obviously the President has been leading that charge, and the leadership here, but one of the Members in this freshman class that has done an incredible job is the gentleman from New Mexico (Mr. PEARCE), the person who understands the importance of controlling spending, who understands the importance of controlling the size of the deficit, and who understands that the way to increase the economy, to make this economy grow, is not by taking more and more money from the American taxpayer. And I thank him for joining us here. I would yield to the gentleman now.

Mr. PEARCE. Madam Speaker, I thank the gentleman from Florida (Mr. MARIO DIAZ-BALART) for leading this important discussion.

Madam Speaker, I began these economic discussions in my district early in my term. About February or March we began to talk about the potential tax cut. And good, well-meaning people ask why would we give a tax cut in the face of deficits. And it is a fair question. It is one that I addressed at the

time, and it is one that is worth revisiting the answers.

First of all, to know why we would approach a deficit situation offering a tax cut, one needs to understand the problem with our economy. Our economy first received its first shock back in March of 2000 when the dot-com collapse occurred. Everyone will recall that those dot-com stocks had escalated from no value to some selling at \$200 and \$300 per share. They had no revenue. They had no product. They had no sales. They just had optimism and euphoria about the potential.

It was right and necessary that the price of those stocks collapsed down because it was unwarranted to have such a high price. But while the prices were up, people were cashing in their stock and the capital gains created the illusion of an economy that had grown and had improved.

Now, what that did is it caused us all in the Federal Government and in almost every State government to reorient our spending for those perceived surpluses. Now, when the dot-com collapse occurred, it took us back to about the 3 percent growth rate which we had experienced.

□ 2145

So the economy was basically at the same point before and after the dot-com ramp up, but we had reoriented our spending patterns at both State and national levels. State began to have difficulties balancing their budgets. The Federal Government began to run in a deficit situation. We were just about to come out from underneath that problem when 9-11 hit. That was a \$2 trillion problem, \$2 trillion taken out of the lives of people, the actual loss of lives, also the economic impact that it had on the lives of people.

After 9-11 we were still just about to come out of the recession when the companies that under President Clinton's term had cooked the books and no one had called the bluff, WorldCom, Global Crossing, Enron, those stocks began to collapse under this President. Someone was willing to take those problems into account. And at that time, then, the consumers lost confidence in the stock market and began to pull their money out. That is where our problem arrived at this year.

So when I looked at the potential, we had one of two choices, one to cut spending like the gentleman from Texas (Mr. HENSARLING) said, a notion that was rejected outright by the Democrats; the other choice that we had was to reinvest.

My wife and I have owned a business for the last 14 years. We hate debt. Almost always we are out of debt. We operate simply on cash; but occasionally when it is time to expand, we will take on additional debt. We create an expansion. We grow the size of the company. We pay the debt off and we are back on solid ground. That is the way the tax cut was.

We are taking some of the money back, putting it into the pockets of the

people, offering incentives to businesses in order that they might grow.

People ask, exactly how does it work? I will tell you, in my district, in my hometown there is a small manufacturer. They make oil field equipment that sells for about \$750,000 per unit. Before the tax cut, they were completely out of back orders. They were just at the point of laying off people. They were producing their last piece of equipment that had been ordered.

The day the President signed the bill, they got more back orders in one day than they had gotten the previous entire life of their company. They went to 2 years' worth of back orders. They brought on new people. For each new unit that was produced, they hired four people and sometimes five.

Mr. MARIO DIAZ-BALART of Florida. Let me, if I may, the gentleman is reminding us and me of what the situation was. It was absolutely right. That is why it is even more remarkable what the President and the majority in this Congress were able to do. More remarkable because we are dealing with the effects of 9-11, the effects of 9-11 when we all know what a travesty and a tragedy that was.

We are dealing with the dot-com crash, as the gentleman mentioned. We are dealing with the scandals in Wall Street. And yet, despite all those things, because the President had a plan, a fiscally responsible plan, the economy is picking up. Despite all of these things, despite the fact that we are at war, and I know that some people do not believe we are at war. The esteemed Democratic leader whom I respect and I am going to paraphrase it, I do not have the quote with me on the floor, she said something to the effect of, I do not feel that we are at war.

She has the right to not feel that we are at war, but the reality is that we are at war, that we were attacked. And despite the fact that we are at war, because of the efforts of the President, because of his sound leadership, because of his truly sound leadership, because the leadership in this House and the majority party of this House and the majority of the Members, this House voted for that stimulus package that, again, our good friend on the Democratic side said, it is not going to work.

I think maybe thinking the economy has taken such a huge hit because of 9-11, because of the crash of dot-coms that no way, nothing can work. This President had a sound policy. It was approved by this House, by this Congress; and it is working. And without that tax relief, without those tax relief packages of 2001 and 2003, 1.5 million Americans would be out of work right now. Right now. Those are people that would not be working. Was it worthwhile taking all the heat, taking all the political heat to make sure that we produced, that the economy grew to produce those 1.5 million jobs? Ask those 1.5 million Americans if it was worthwhile.

The tax relief package of 2001 contributed nearly \$400 billion in growth in 2002, again, despite our dear friends on the Democratic side claiming that the tax program did not work, quote/unquote as the gentleman from Maryland (Mr. WYNN) said. And again, since 2003 the tax relief plan, initial claims for employment insurance have declined by more than 10 percent since then.

It is real. It works. We knew it was going to work; and we also knew, we clearly also knew that the Democrats' answer to the problem, which was massive tax increases and massive additions to the deficit, would have been a total disaster. And so I for one am not apologetic. I for one am not apologetic when I say I am proud that I was part of a small part of making sure that the Federal Government took just a little bit less of the American hardearned taxpayers' dollars.

Mr. KLINE. I just want to follow up on the comments that the gentleman from Florida (Mr. MARIO DIAZ-BALART) and the distinguished gentleman from New Mexico (Mr. PEARCE) were making about the resilience of our economy and the power that you get when you let the American people keep their own hardearned money.

We have talked about the dot-com bubble, well-described, the terrible corporate scandals that would have rocked any economy to its heels, the horrific attacks on 9-11. We are conducting major military actions in Afghanistan and Iraq. We are conducting a global war on terrorism. We have had the largest reconstruction, reconfiguration of the Federal Government since 1947. And still the American economy grew. And as we have talked about this evening, because of the leadership and the trust of the President and the leadership in this Congress and letting the American people and letting American businesses spend their money in the way they saw fit, we have seen the largest growth in gross domestic product in 19 years.

I just think it says remarkable things not only about the President and about the leadership in this House, but about the wonderful American people and the strength of our economy.

I thank the gentleman for yielding to me.

Mr. MARIO DIAZ-BALART of Florida. When the gentleman was speaking right now, one thing that hit me and it hits me every time I listen to the gentleman and other colleagues on the Republican side, and I listen to our colleagues on the Democratic side, the gentleman just said that it is the people's money. And yet when we listen to the Democrats, they say we are giving, that the government is giving to the people. A gift. We are giving tax cuts. We are giving away this money.

In other words, government, we, being government, is giving away this money. Wait a second. Since when did government create it? Did government produce it? Where does that money come from?

The gentleman from Texas (Mr. HENSARLING) and I have had those conversations time and time again. We share a frustration when we hear those debates. That may be one of the reasons that when we are sitting on the Committee on the Budget and the gentleman from Iowa (Chairman NUSSLE) had a proposal to cut just 1 percent in waste, fraud and abuse, we can recall that not one single Democrat, not one, could even make the mistake of voting to cut 1 percent of waste, fraud and abuse. Of course not. Because it is not the people's money in their eyes. It is government's money. So if we waste it, if we throw it away on credit cards, whatever we do, it does not matter. There is more where that comes from.

That is why they proposed between the House and the other Chamber, 25 times they proposed increasing taxes. Why? Because it is the government's money. The people are here, it seems they believe, to serve government. The people are like a cow that we milk, that government milks. That is the only purpose. And that is a frustrating thing I hear all the time. And that is why I love to hear what I just heard from the three gentlemen that no, it is not. It is not government's money. It is the people's money. And that is why I am not ashamed, I am not embarrassed when we support initiatives to allow the people to keep a little bit more of their money.

The gentleman from Texas (Mr. HENSARLING) mentioned that it is a tiny percent of the budget that we are dealing with, but that tiny percent allows the American people to create economic growth in a way that we have not seen in many, many years. And I do not know if the gentleman share those frustrations that I do.

Mr. HENSARLING. I obviously do share those frustrations, and I think they are basic tenets of economics that people on the other sides on the aisle forget. It has been a number of years, but I actually have a degree in economics from Texas A&M University.

I can state that, number one, government is not in the business of creating wealth. Government is in the business of redistributing wealth. People, hard-working American people who go out and save and risk and take chances and work hard and build businesses, those are the people who create wealth in our society. Those are the people who create jobs in our society.

Once again, it has been a few years since I have been in college, but I actually took a course in world economic history and in American economic history. I am unaware of any society that has ever taxed itself into prosperity. So apparently folks from the other side of the aisle must be reading different economic history text than I am. You cannot tax yourself into prosperity. And I might add for the benefit of those on the other side of the aisle, you cannot sue your way into prosperity either. That is their plan for America. It is a failed plan. It does not work.

Mr. PEARCE. The idea that you must know what you are trying to achieve from any set of taxes that you take is really obvious here. We were taking somewhat of a chance to go out and do the tax decreases, but it is working out the way that economists have said it would work out.

Our State, New Mexico, is leading the Nation, number two in job growth because our State legislature this year gave a tax cut, the Democrat Governor said we all know it, tax cuts cause jobs, tax cuts cause economic growth. But it also has taken some discipline. I do not know how many people are aware of it, but as we look at the corporate scandals, the President and the Justice Department have taken a leadership role. There are seven executives currently awaiting trial. There are four more who are already spending time in jail, including the ex-treasurer from Enron. The founder of ImClone is spending 7 years in jail, and 12 former executives from HealthSouth. The American people respond when government acts properly, when they request and require accountability on the part of not only their elected officials but also those people in business leadership positions.

So I salute the President in his plan for the economic recovery for this country. I salute the President in his willingness to ensure discipline in our corporate executives. I salute the gentleman from Florida (Mr. MARIO DIAZ-BALART) for hosting this discussion tonight.

Mr. MARIO DIAZ-BALART of Florida. I thank the gentleman from New Mexico (Mr. PEARCE) for again his leadership. I think it is worth restating. We hear it time and time again all the rhetoric that, I hear it every day, Republicans are cutting taxes on the rich.

I think it is worth restating and the gentleman from Texas (Mr. HENSARLING) mentioned that some of the high-profile Democratic leaders around this country, some of them said they want to get rid of all the tax cuts they propose. I want to talk about what those were, what those are, what are some of those so-called rich people that the Democrats want to raise taxes on. And, again, if that were to happen, if they were to succeed, it would reinstate nine million low-income Americans back on the tax rolls. Those are low-income Americans that are now not paying Federal income taxes at all because of the previous tax cuts. It would reinstate the marriage penalty.

Again, I repeat, I guess they think only rich people get married. It is a wakeup call. Not only rich people get married.

□ 2200

It would cut in half the \$1,000 per child tax credit. I am not going to comment on that.

It would raise taxes on education savings by 75 percent. It would eliminate the income tax deduction for paying for college tuition.

It would increase a double tax of dividends by as much as 62 percent. It would eliminate the small, I emphasize it would eliminate the small business expense again for small businesses.

It would reinstate the death tax, and it would eliminate the emergency tax relief to areas affected by the attacks of September 11, 2001.

That is what is at stake here. That is what we are talking about. Those are the tax cuts that before I got elected a majority of this Congress, Republicans, fought for, the President fought for and successfully got. That is why we have seen the economic growth. Those are the tax cuts that we better believe that I think the American people deserve, again, because I believe it is their money. It is their money. They have the right to keep a little bit more of their money, and if somebody thinks that those 9 million low income Americans who are now not paying Federal income tax are rich, they have the right to think so.

Like I repeat, the gentlewoman from California (Ms. PELOSI), who I respect, has the right to feel that we are not at war. I just respectfully say that they are wrong.

We do not have a lot of time, but I know that the gentleman from Texas (Mr. HENSARLING) wants to leave us with some last remarks.

Mr. HENSARLING. Madam Speaker, I thank the gentleman for yielding, but I think it is again important for the American people to know that President Bush's pro-growth economic policies are working. It is absolutely incredible to think that we have just had the greatest economic growth, the greatest quarterly economic growth in almost 20 years, to think that productivity has increased precipitously, to think that consumer spending on non-durables is up 7.9 percent, the best in a quarter century, that, as I said, productivity increased almost 4 percent during the first two-and-a-half years of this administration, the fastest pace of any presidency since JFK.

It is important that the American people know that shareholder wealth is up almost \$3 trillion, an increase of 22 percent since October 2, where we are helping to rebuild nest eggs. There is so much great economic news that is out there, totally in contrast to what we heard from people on the other side of the aisle, who said that these were failed economic policies.

We need to do more work to create jobs, but the question is where do we go from here? I often feel as my colleagues follow the debate and I follow the debate, that Democrats seem to love jobs. They just hate the people who create them. They want to tax job creators. They want to regulate job creators. They want to sue job creators, and then they wonder where are all the jobs, and then they continue to want to engage in this class warfare which I just believe is so uncharacteristic of the American people.

I have held a lot of jobs in my life. I used to clean out chicken houses for a living. I used to bus tables for a living. I used to tote luggage at a hotel. I worked as an officer in a small business before. I have run my own company. Actually, for a short period, I actually practiced law, though I am trying to live that one down, but my point is, in all the jobs I have ever had, no poor person ever hired me. It was somebody who might have been poor once, but they went out and they worked hard, and they were allowed to accumulate capital. They were allowed to keep their earnings, and so they went out and they took a risk and they put a hamburger stand over here or a transmission shop over there or a new software company over here. That is the way that we grow the economy. That is the way that we are going to create jobs.

I am a former small businessman, and I know that one of the great challenges we face as small businesspeople is how do we acquire capital. We do not acquire capital from the Federal Government. When they take our money, we do not have capital to go out and create new businesses.

Another great challenge small business faces is in health care costs, and yet as we work to try to improve the quality of health care and bring the cost of health care down, the folks on the other side of the aisle have fought us every step of the way, particularly in reforming medical liability insurance. Lawsuit abuse is adding 15 percent to the cost of welfare, and we care about doctors and patients, and they care about trial lawyers, but every single step of the way, trying to create an energy practice to bring down the cost of energy, to help the economy move further and create more jobs, they have fought us every step of the way.

So I appreciate what the gentleman has done tonight to bring the facts to this great body and to the American people, and I thank my colleague for the opportunity to be a part of that.

Mr. MARIO DIAZ-BALART of Florida. Madam Speaker, I thank the gentleman. Again, he is absolutely right. The bottom line, the tax cuts are working. It is doing what our esteemed colleagues on the Democratic side said time and time again it would not happen, it would not work. It is working. Those tax cuts are working.

We mentioned who are receiving those tax cuts that so many want to repeal, and I also want to mention one last time their alternatives. Their alternative to the tax cut, their alternative to letting the American people keep a little more money that is working, their alternatives are what they propose, as I mentioned it before, to raise taxes 25 times. If we combine this chamber and the other chamber, 25 times to raise taxes. That is their alternative, and they also proposed alternatives to major legislation this year alone that would have added \$890 billion to the deficit.

The good thing is, thank God in a democracy we have alternatives, and the majority of this House went along with the President's alternative. Cut taxes on the American people, cut taxes on small business, cut taxes on the hard-working taxpayer of the country. The results, alas, no big surprise, economy is rebounding. It is rebounding strongly.

So I am very grateful for the President's leadership.

INADEQUATE TREATMENT OUR TROOPS AND VETERANS ARE RECEIVING FROM THE ADMINISTRATION

The SPEAKER pro tempore (Mr. PEARCE). Under the Speaker's announced policy of January 7, 2003, the gentlewoman from California (Ms. WATERS) is recognized for 60 minutes as the designee of the minority leader.

Ms. WATERS. Mr. Speaker, I rise tonight to highlight the inadequate treatment our troops and our veterans are receiving from this administration.

In all there are 1.4 million men and women serving in the United States Armed Forces. Tens of thousands of these soldiers are serving overseas, 130,000 troops in Iraq, 8,500 troops in Afghanistan, 37,000 in South Korea and the list goes on and on.

Throughout their deployment, the men and women who serve in the United States Armed Forces have done so with honor and distinction. However, the Republican Congress and this administration often have not lived up to their part of the bargain.

While the Congress has approved massive increases in funding for the Department of Defense, our soldiers are deployed to Iraq without life-saving protective body armor, and many humvees were also poorly equipped, leaving our soldiers vulnerable to rocket-propelled grenades and other explosive devices. It was not until our soldiers began writing home asking their families to send them ceramic tiles so that they could make their own protective armor that the Pentagon finally woke up and said they would provide each soldier with Kevlar bulletproof vests.

It should never have come to this. If we are going to send our troops into battle, we must ensure that they have all the equipment they need. Unfortunately, the Republicans' record is grossly inadequate when it comes to helping our soldiers when they return from the battlefield.

While they have taken the long overdue step of providing funding in the emergency supplemental appropriations bill to cover the costs our soldiers have traveling home on rest and recuperation, they still leave many military families vulnerable by only extending the higher rates of imminent danger pay and family separation allowance for 1 year, no matter how long they serve. While the Republicans heeded the demands of Democrats and

ended the shameful practice of requiring wounded soldiers to pay subsistence charges for each day they were in the hospital recovering from a combat injury, they continued to refuse to provide other essential relief to our veterans.

The Republicans still refuse to end the disabled veterans tax which prevents thousands of disabled veterans from receiving full retirement and disabled benefits.

In short, the Republicans believe that by waving the United States flag and making a few cosmetic changes, they can dress up a second rate record on issues that are important to our veterans and our troops.

Mr. Speaker, we have to acknowledge the existence of a problem before we can fix it. One news organization reported earlier this week that soldiers are being housed in outdated barracks, some even without indoor toilets, and forced to wait days, weeks or even months for treatment of medical problems, including injuries suffered in Iraq. Yet this administration seems unable to acknowledge the existence of the problem.

Mr. Speaker, the clearest illustration of the Republicans' poor record on veterans issue is when we examine the inadequate funding the Republicans have provided for the Department of Veterans Affairs. Every veteran has earned the health care, educational, disability and other benefits he or she was promised when they signed up for military service. However, they are rarely receiving these benefits in a timely manner.

The statistics are dreadful. There are approximately 60,000 veterans waiting 6 months or more to see a doctor. Some veterans die from their conditions before they are able to see a doctor, and for the past 2 years, an average of 14,000 disabled veterans have been waiting more than 15 months for their so-called expedited disability claims to be finalized.

This log jam will only get worse as those troops currently serving overseas return home. Yet instead of providing the necessary funding to alleviate these backlogs and help those who need it most, the Republicans are passing massive tax cuts to benefit those who need it least.

Mr. Speaker, the Republican record on veterans issues is not one that I would be happy to call my own. I am certainly grateful that I do not have to defend it.

During the fiscal year 2004 budget debate, the Republicans attempted to cut funding over the next 10 years for medical care and other appropriated veterans programs by \$14.2 billion below current service levels and cut funding for mandatory veterans programs by \$14.2 billion over 10 years. Later, despite publicity promising to include \$3.2 billion for veterans health care, Republicans have only appropriated \$1.4 billion for veterans health care, leaving a shortfall of \$1.8 billion and

thousands of veterans without necessary health care.

The Republicans have prevented Members from voting their conscience on the disabled veterans tax which unfairly taxes disabled veterans, \$1 in retirement benefits for every \$1 they receive in disability benefits. The Republicans even propose to increase prescription drug copayments and impose enrollment fees on veterans seeking to access health care, and despite there being an estimated 299,321 veterans who are homeless on any given night, funding which helps provide housing and job training for veterans is woefully short.

This record is in no way to repay the sacrifice our veterans have made on behalf of us.

Mr. Speaker, the Democrats have another way. We have crafted a bill that will not only honor the men and women serving in the Armed Forces today but also provide the benefits that veterans have earned and deserve.

H.R. 2569, the Democratic bill, would increase funding for VA health care by \$10 billion over the next 10 years, expand access to health care for the National Guard and Reserves. It would completely and immediately end the disabled veterans tax. It would pay our veterans \$500 a month when his or her disability claim has been left pending for longer than 6 months. For our troops currently fighting in Iraq and Afghanistan, our bill would give a \$1,000 bonus for those soldiers returning home from Iraq and Afghanistan. Lastly, the Democrats would extend the child tax credit to the hundreds of thousands of military families left behind by the Bush tax cut.

Mr. Speaker, H.R. 2569 is a comprehensive bill that not only acknowledges the sacrifice our men and women in uniform make but also ensures that they are properly taken care of after they stop wearing the uniform.

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This recognition is long overdue. Democrats are committed to doing all that we can to pass H.R. 2569. We will continue to put a spotlight on the enormous gap between Republican words and deeds on veterans and troop-support issues. Our troops and our veterans deserve no less.

Mr. Speaker, I know that it is not popular with this administration to talk about these issues. As a matter of fact, I am fully aware that the President of the United States basically tried to intimidate the news media by saying to them you are not reporting enough good news. And to prove that he was prepared to deal with them if they do not do it his way, he started to exclude the national media and go around them and deal with the regional media in order to teach them a lesson.

Well, Mr. Speaker, this President and this administration may not like the fact that some of us talk about what is really happening in Iraq and Afghanistan. He may not like the fact that the